



Opinion **Dynamics**



Solving the Mystery: How Contractors Approach Heat Pump Sales in California

Presented by
Jen Loomis, PhD

October 7, 2025





Question for the Audience

Raise your hand if you've ever talked to an HVAC or water-heating contractor about a heat pump.

Now, keep your hand raised if that contractor suggested a heat pump might not be your best choice.



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Context and Study Motivation

- TECH Clean California seeks market transformation for heat pumps
 - Midstream program design with enrolled contractors
- Gas equipment predominant in single-family homes, and contractors prefer like-for-like replacements
 - Past research has shown contractors engage in risk pricing for heat pumps
 - An inflation of labor costs to cover the unknowns associated with a job

Context and Study Motivation



- COVID-19 and resulting supply chain issues increased raw materials costs
- We set out to understand how contractors who offer HPs talked about them with a customer when presented with a gas equipment replacement
 - Part of a larger “incremental cost study” to understand how the cost of gas like-for-like replacements compares to HPs

Mystery Shopping Method

- Conducted in June–July 2024
- 20 HVAC and 10 WH homes across CA with existing gas-powered space- or water-heating equipment
 - Homes in all three climate regions, varied in presence of solar, prior AC, and electrical panel space
- Opinion Dynamics staff **posed as homeowners** to collect equipment bids in addition to other qualitative information.
- **Contractors** were selected from the Switch is On website and Google searches
- **Bids requested:**
 - Gas like-for-like replacements
 - Heat pump options



Who mentioned a heat pump first



Contractors' attitudes toward heat pumps

Whether contractor investigated adequacy of electrical panel

Whether contractor offered any incentives, financing, or covered permits

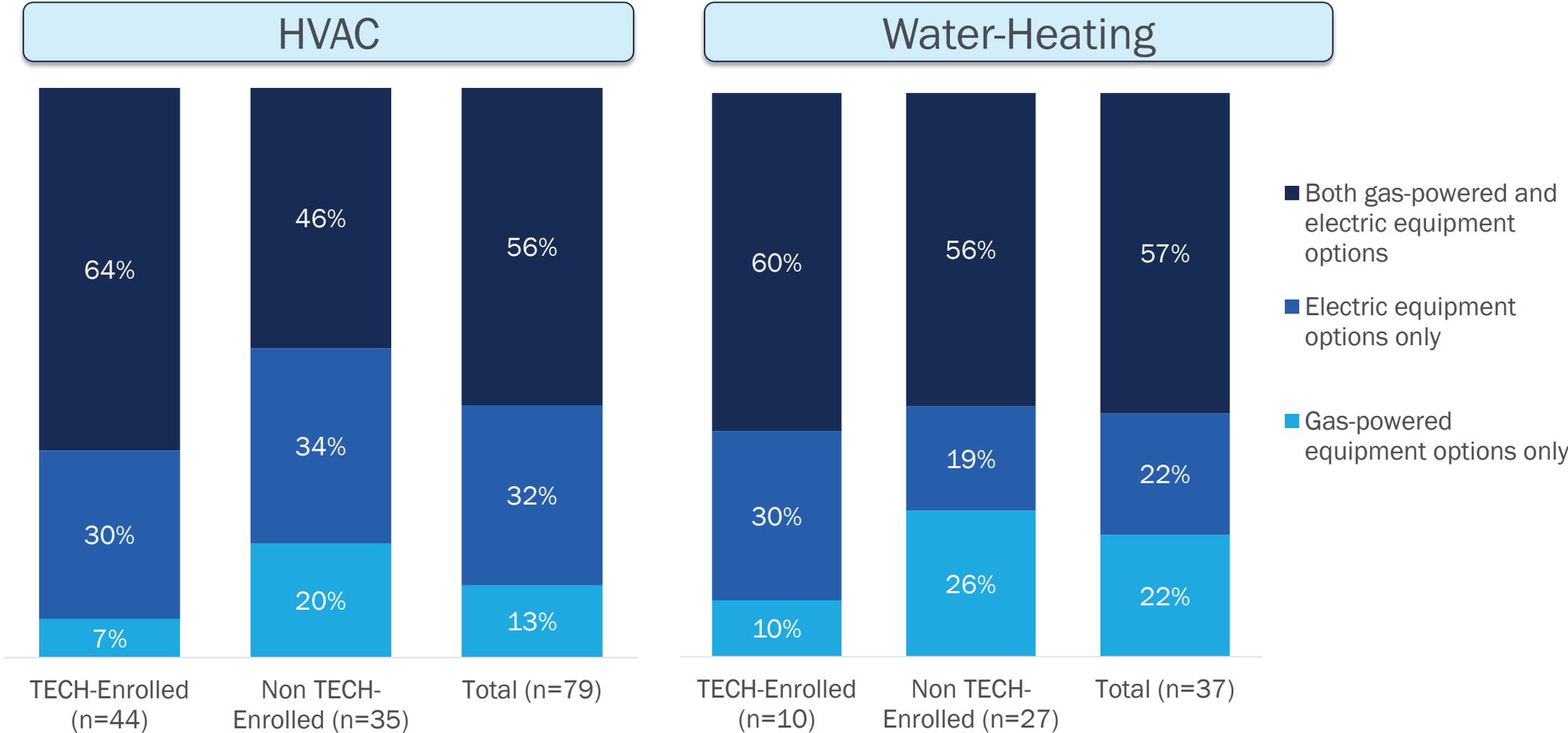


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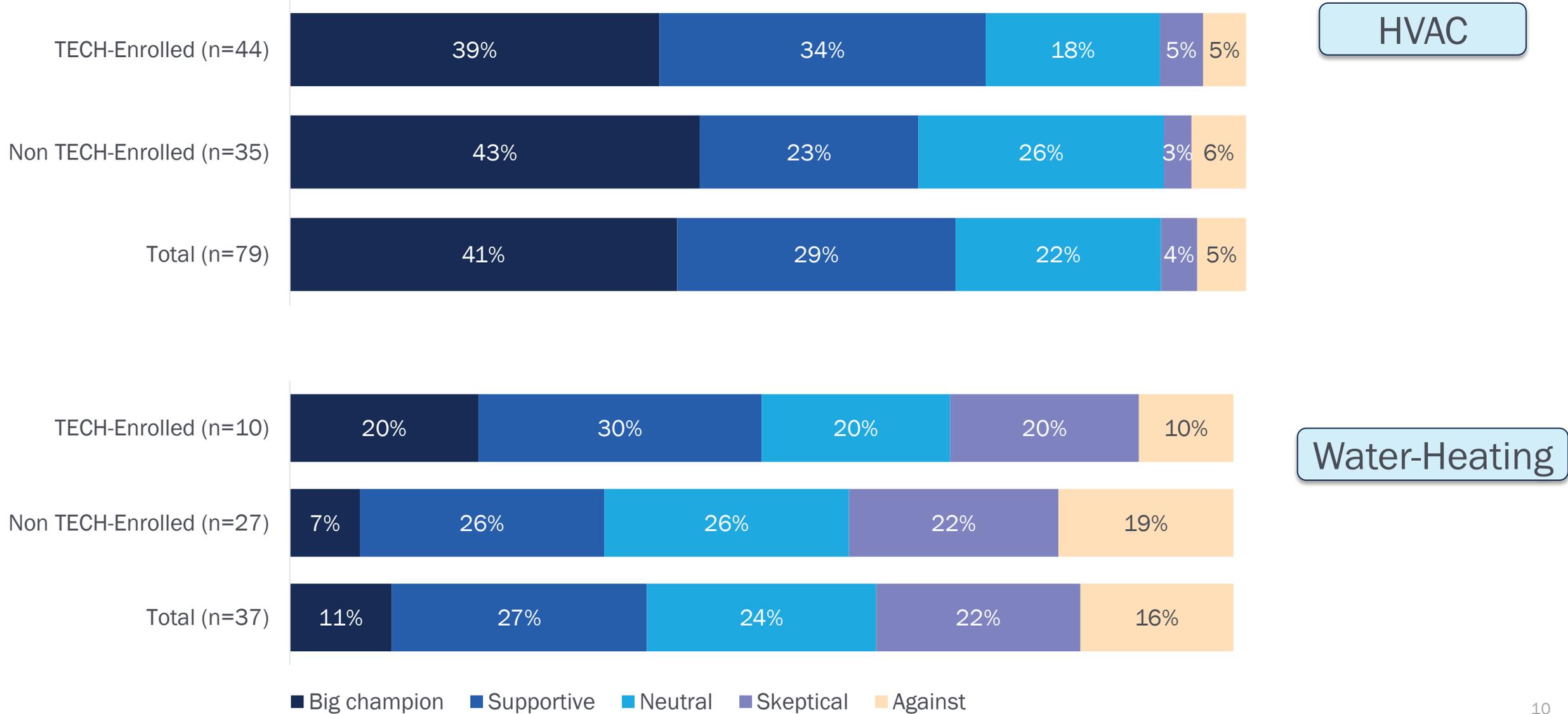
FINDINGS

Fuel Options Offered

TECH contractors more likely to offer electric options voluntarily



Contractors' Attitudes Towards Heat Pumps

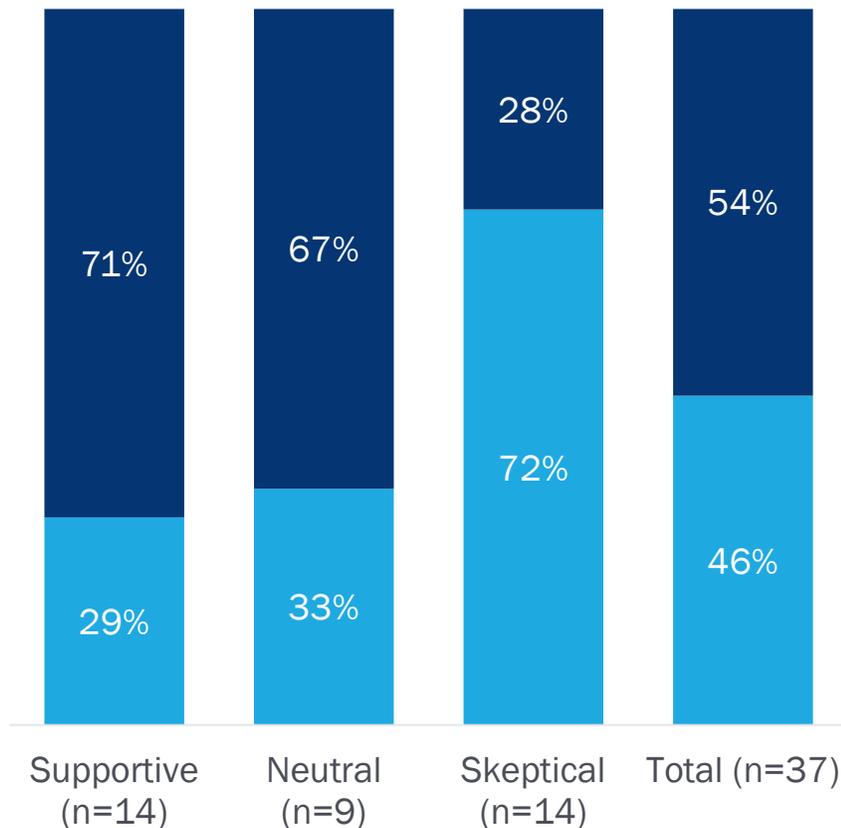
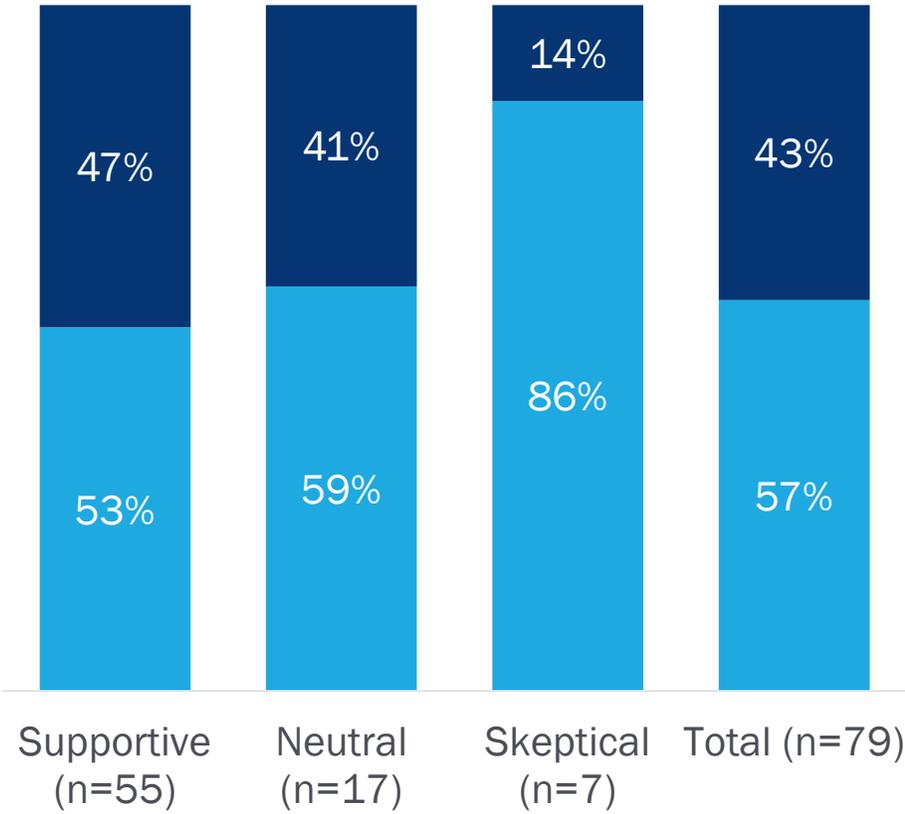


Investigation of Electrical Panel

Contractors supportive of HPs more likely to look at electrical panel

HVAC

Water-Heating



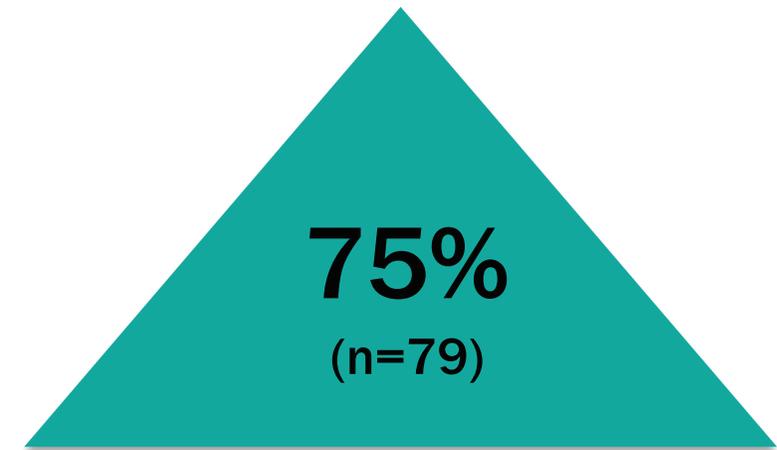
- Discussed Panel Upgrades
- Did Not Discuss Panel Upgrades

Pumps



- Heating performance concerns (30%)
 - Longer to heat home than furnaces
 - Unreliable below 30 degrees F
- Location of outdoor unit (15%)
- Reliability concerns
 - Shorter lifespan due to heating and cooling; more maintenance

-
- Indoor comfort (39%)
 - Offers both heating and cooling
 - More even temperatures
 - Reduced humidity
 - Energy efficient (30%)
 - Pairs well with solar (22%)
 - Supports home electrification (8%)
 - Better option than ultra-low NOx furnaces (6%)



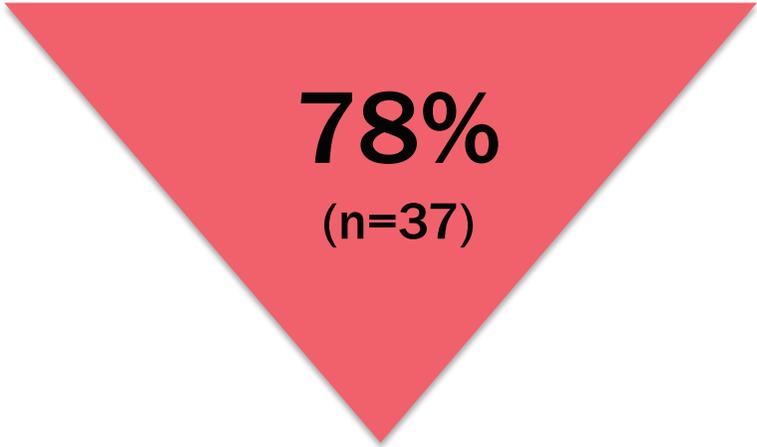
Heaters



49%

- Compatibility with solar to lower energy costs (30%)
- Supports home electrification (8%)
- Energy efficiency compared to electric storage water heaters (14%)
- Reliability and less maintenance (11%)
- Cooling effect in surrounding areas such as garages (8%)

-
- Slower recovery rate (37%)
 - Suggests upsizing, which comes with space constraint
 - Larger size; sometimes requiring relocation (32%)
 - Reliability concerns (14%)
 - Noise and vibration (11%)



78%
(n=37)

Incentives and Financing

HVAC (n=79)

- 57% offered financing
- 61% mentioned rebates
 - 65% TECH contractors
 - 35% non-TECH contractors

Water-Heating (n=37)

- 30% offered financing
- 44% mentioned rebates
 - 78% TECH
 - 33% non-TECH

PERMITS

Half of the HVAC contractors (43 of 79; 54%) mentioned permits or HERS raters

- 8% indicated permits were not required,
- 18% stated permits were necessary, and
- 5% specified permits were needed to qualify for incentives

A minority of WH contractors discussed permits and HERS testing with mystery shoppers (11 of 37; 30%)

- 2 said they were optional
- 9 said a permit would be required



Conclusions

1. Substantial variability in how contractors approach sales in the gas replacement context
2. Water-heating and HVAC markets are clearly distinct; HVAC HP further along
3. Homeowners set on heat pumps should locate contractors who participate in incentive programs
4. Tankless water heaters are popular among contractors
5. Mixed sentiments about HVAC HPs
6. Negative perceptions of HPs among contractors affect market transformation. Can be addressed with contractor training.





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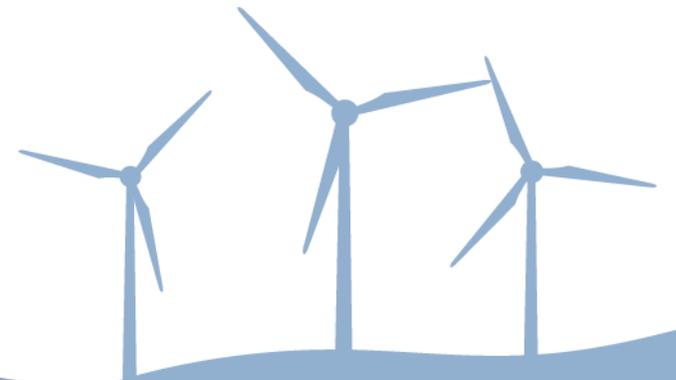
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